

BY JOHN RHOADS, VICE PRESIDENT, LOOMIS

Where island attendants are required, cash handling concerns arise

ADVANCED AUTOMATED CASH HANDLING

IN ALMOST ALL STATES AND TERRITORIES THROUGHOUT North America, the position of gas pump attendant has all but been eliminated. Automated pumps with credit card processors and consumer RFID payment systems allow the customer the option to pump and pay without performing a cash transaction or otherwise dealing with a gas station employee in any capacity whatsoever.

However, in Oregon, it is against the law to pump your own gas. This law (also in place in New Jersey) requires customers to have an attendant pump the gas and process the payment. Oregon banned self-service in 1951 based on concerns that the public would handle gasoline improperly. Obviously, this fear hasn't proven to be realistic, when one considers the rarity of accidents next to the huge volume of self-service transactions taking place every day (in states other than Oregon or New Jersey).

Oregon's Department of Environmental Quality, a regulatory agency that protects the quality of Oregon's environment, continues to support the ban to prevent inexperienced pumpers from becoming a significant source of groundwater pollution. Law enforcement and loss prevention communities like the ban because it prevents gasoline drive-off thefts. Finally, although affecting a much smaller segment of the population, disabled drivers benefit since, despite requirements outlined in the Americans with Disabilities Act, many gas stations do not provide a full-service option for disabled drivers, nor provide those services at self-service rates.

Arguments for or against the bans notwithstanding, one thing that is clear to station owners in Oregon and New Jersey is that all of this employee gas pumping poses a much greater risk of employee theft and robbery since an hourly employee is put in the position of receiving potentially thousands of dollars in cash a day for pay-

ment. In addition, it presents a higher degree of managerial effort needed when it comes to balancing accounts at the end of the day.

Cash in the petroleum retail environment can be described as traveling a circuit that goes from transaction, POS, safe, secure transportation and deposit processing. In Oregon (and New Jersey), where large amounts of unverified and uncounted cash often resides in the pumper's shirt pocket, the industry's need for a solution to better secure and optimize every step of the entire cash handling process takes on a certain sense of urgency, one that is perhaps not evident outside the state (besides New Jersey, of course).

However, the petroleum market in North America is very competitive, and the growing proliferation of high-volume discount retailers and mega chains has been driving traditional petroleum marketers to proactively seek solutions to reduce operating costs and stem, if not completely block, the flow of cash that is regularly siphoned off by some of their employees.

Put it another way, employee theft, robbery risk and inefficient operating procedures are serious cash handling issues. The rest of this column will feature several Oregon stations whose approach to secure cash handling is instructive to petroleum marketers everywhere.

Automated cash handling and logistics systems for retailers who process large volumes of cash have been around for the better part of the past decade, but only in the past few years have they really started to gain traction among petroleum marketer end-users. Loomis' SafePoint® solution was launched in 2004 with New Albany, Ind.-based safe manufacturer FireKing Security Group's NKL line. The system integrates armored transport, cash processing services and electronic safe and electronic reporting while facilitating expedited deposit credit in an end-to-end cash management solution. In 2008,



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Houston-based Loomis expanded the SafePoint solution by adding the Tidel line of safes as an option for retailers.

Oregon's petroleum marketers who have adopted advanced automated cash handling and logistics systems cite better security, reduced cash handling costs and improved operating efficiencies in quantifiable terms. With the SafePoint system's Oregon users, the safe, used near the island area, eliminates the POS step altogether. The gas pumpers simply put currency directly in the safe for deposit.

"We absolutely needed to stop internal theft," said Bryce Fisher, a Portland-based owner of two stations, who invested in advanced automated cash handling in March of 2008. "With nearly \$10k in cash sales per day, we had several issues before installing the SafePoint solution. In fact it's possible that one employee, who quit shortly after upgrading, was the main source of shrinkage levels that have been greatly reduced, as it's nearly impossible to steal from this system."

This decreased shrinkage can result in significant ROI in the form of extra cash. "Assuming that an average gas station with sales of \$35,000 per week is experiencing 5 percent theft," said Dan Rushing, Loomis' general manager for the Northwest region, "and an advanced automated cash handling solution will reduce it by 4 percent, then that savings comes out to about \$1,400 per week, not to mention the labor savings earned by not handling the monies."

Space Age Fuel Inc. in Gresham, Ore. is one of the largest independent petroleum marketers in the state of Oregon. Seven of their 76 stations, branded by Conoco Phillips, deployed advanced automated cash handling in 2007 and began to see labor savings.

"Our station managers used to spend anywhere from one to two hours per day, per site, counting and depositing cash," said Terese Tyler, controller for Space Age Fuel. "After automating the process with SafePoint, these managers are able to

stay on-site and in the front of the store where they belong. Counting and depositing times have been reduced to less than 15 minutes per day."

"In nearly all service stations in North America who deploy the SafePoint solution, the amount of time spent reconciling deposits and shift reconciliation is reduced dramati-

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Advanced automated cash handling solutions serve to reduce shrinkage and increase productivity not only for the petroleum dealers in Oregon, but all over the country. Loomis' Dan Rushing lists the most important features petroleum marketers should look for when researching and selecting a cash-handling solution:

- Bulk validation - single-bill validators are slow and cumbersome
- Ability to poll safe to receive provisional credit

- Counterfeit detection capabilities
- Cash provisioning and subsequent reporting
- Guarantee on deposited funds
- Rapid and significant reduction in security ROI (due to not having transport liability)
- Rapid and significant reduction in cash-handling labor ROI at each till/shift change
- Provisional credit allows dealers to manage cash flow

ically," said John Angove, vice president of FireKing Security Group. "The SafePoint actually will balance the total gallons pumped back to the total deposited through SafePoint to track and balance their daily transactions, as well as provide a complete audit trail of every user and every drop. In every case, SafePoint users report significant and immediate reductions in managerial labor associated with these daily duties."

Controllers have an additional stake in the game with regards to cash handling automation. "Once the cash handling company removes the cash from the safe and prints a deposit report, the currency is then securely transported via armored car to the cash handler's processing center where the deposit is verified," explained Angove. "The funds are then transported to the customer's bank, and a deposit verification report is sent to the retailer's business controller or

designee. This means that the cash handling company guarantees those funds literally from the moment the gas pumper deposits the cash into the safe until it hits the bank account."

Over the past year, in conjunction with many of its banking partners, Loomis has added the ability to facilitate a service called expedited deposit credit. This capability is enabled through the use of the proprietary Loomis CPR (cash position report) Web-based cash reporting tool. With this feature, SafePoint users have access to funds much more rapidly than with traditional secure cash transport services. In most cases, once the currency is deposited in the safe, petroleum marketers' accounts are credited for their cash and earning interest before it physically leaves the station — quite a change from potentially piling up in the pockets of your \$8-hour transient employee. **NPN**

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